

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7129

BILL NUMBER: HB 1384

DATE PREPARED: Jan 5, 2002

BILL AMENDED:

SUBJECT: Underwriting Use of Credit Information.

FISCAL ANALYST: Michael Molnar

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FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill imposes certain requirements and restrictions concerning the use of credit information in the underwriting of property and casualty insurance. The bill makes a violation of the provisions an unfair and deceptive act and practice in the business of insurance.

Effective Date: July 1, 2002; January 2, 2004.

Explanation of State Revenues: The bill makes a violation of the requirements for using credit scores in underwriting certain insurance policies an unfair and deceptive act and practice in the business of insurance. Violation of these requirements may result in the levying of civil penalties. Civil penalties will be deposited in the state General Fund.

The civil penalties set forth are: \$25,000 for each act or violation, or \$50,000 for each act or violation if the person knew or reasonably should have known that he or she was in violation of this chapter. The remediation efforts undertaken by the person will be used in determining the amount of the civil penalty. In addition, if the person knew or reasonably should have known that he or she was in violation of this chapter, the Commissioner may suspend the person's license or certificate of authority.

During the last two years there have been a total of nine acts of unfair and deceptive acts and practices in the business of insurance. This bill may increase the number of unfair acts each year, however, the number of cases is not known at this time. The total fiscal impact of this bill is not known, but is deemed to be minimal.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources: Greg Thomas, Chief Deputy Commissioner, Department of Insurance, (317) 232-2406; IC 27-4-1-6.